



# **FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)**

## **FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)**

### **APPEAL DECISION**

*FEMA Flood Insurance Appeal Decision #B2*

## **OVERVIEW**

---

The policyholders filed an appeal in August 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied their claim under the Standard Flood Insurance Policy (SFIP)<sup>1</sup> for damages to covered property arising from a claimed flood event in June 2020.<sup>2</sup>

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholders had \$250,000 of building coverage and \$100,000 of personal property coverage.
- The policyholders filed a claim with the insurer and the insurer assigned an adjuster to inspect the property.
- The adjuster inspected the property in July 2020 and measured no exterior waterline and identified a watermark of approximately three and a half inches in the basement.
- In order to gather information regarding source of the water, the adjuster canvassed the area. The adjuster did not find witnesses or neighbors who confirmed flooding in the area.
- The adjuster contacted the Public Works Director. The Public Works Director sent the adjuster a letter indicating there was heavy rain in the city on the date of loss, however, the Public Works Director could not confirm flooding in the policyholders’ area. As a result, the adjuster advised the insurer he could not confirm a general and temporary condition of a flood existed on the claimed date of loss.
- In a letter dated July 2020, the insurer denied coverage for the claim citing no direct physical loss due to flood. The insurer also wrote the water damages were substantially confined to the insured dwelling due to perils other than flood (seepage).
- The policyholders appeal the denial and write there was heavy rain in the area that led to widespread overland flooding that damaged their basement carpet, walls, and caused mold. In support of their appeal, the policyholders provide news articles and a link to a local TV news weather alert. Because this information does not respond to the insurer’s reason for denial, FEMA’s decision is based on the documentation in the claim file.

---

<sup>1</sup> See 44 C.F.R. § 61.13 (2019); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

<sup>2</sup> The policyholders file this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholders’ claim. The policyholders’ appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

## RULES

---

The SFIP defines flood as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is the policyholders' property), from overflow of inland or tidal waters, unusual and rapid accumulation or runoff of surface waters from any source, or mudflow.<sup>3</sup>

The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property, provided the policyholders comply with all terms and conditions of the SFIP.<sup>4</sup>

The SFIP does not insure for a loss caused directly or indirectly by water, moisture, mildew or mold damage that results primarily from any condition substantially confined to the dwelling within the policyholders control to include but not limited to design, structural, mechanical defects, or water or water-borne material that seeps or leaks on or through the covered property.<sup>5</sup>

## ANALYSIS

---

On appeal, the policyholders contest the insurer's denial of their claim.

The SFIP defines a flood as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land or of two or more properties, one of which is the policyholders' property. The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property, provided the policyholders comply with all terms and conditions of the SFIP. The SFIP does not insure for a loss caused directly or indirectly by water, moisture, mildew, or mold damage that results primarily from any condition substantially confined to the dwelling to include but not limited to water or water-borne material that seeps or leaks on or through the covered property.

The adjuster determined there was water in the policyholders' basement; however, there was no evidence of flooding to the exterior of the property, which sits on .27 of an acre. The adjuster canvassed the neighborhood but did not find evidence of flooding in the area. Although there were confirmed storms and heavy rain within the city, there was no evidence that a general and temporary condition of a flood defined by the SFIP existed on or near the insured property. Because the insurer determined that there was no evidence that a general and temporary condition of a flood existed at the property, the basement damages were not covered. The insurer also denied the damages in the basement because they determined the damages were caused by water seepage, not a flood event. The policy excludes damages caused by water seepage.

FEMA's review finds the policyholders have not provided documentation that sufficiently demonstrates a general and temporary condition of flood directly caused the claimed damages. FEMA finds the insurer properly applied the SFIP in denying the claim.

---

<sup>3</sup> See SFIP (II)(A)(1).

<sup>4</sup> See SFIP (I), (II)(B)(12).

<sup>5</sup> See SFIP (V)(D)(4)-(5).

## CONCLUSION

---

Based on the facts and analysis above, FEMA concurs with the insurer's denial of coverage.